



South African Reserve Bank

Prudential Authority

Ref.: 15/8/2

G3/2018

To banks, branches of foreign institutions, controlling companies, eligible institutions and auditors of banks or controlling companies

Guidance Note 3/2018 issued in terms of section 6(5) of the Banks Act 94 of 1990

Proposed implementation dates in respect of the specified regulatory reforms

Executive summary

The purpose of this guidance note is to inform all banks, branches of foreign institutions, controlling companies and eligible institutions and the auditors of banks or controlling companies of the proposed implementation dates in respect of the internationally agreed frameworks and standards specified herein.

1. Background

- 1.1 The revised Basel framework is a central element of the Basel Committee's response to the global financial crisis. It aims to address shortcomings of the pre-crisis regulatory framework and provides a regulatory foundation for a resilient banking system that supports the real economy.
- 1.2 During the past few years, several member jurisdictions of the Basel Committee experienced ongoing challenges related to the implementation of the reforms, given the complex nature of several of the standards.
- 1.3 The Prudential Authority (PA) supports the Basel Committee's decision to extend the implementation dates of some of the regulatory reforms. In addition to this, the PA has agreed to a preliminary implementation date for each regulatory reform, based on industry comments, quantitative impact studies, global considerations and implementation complexity.

2. Proposed implementation dates

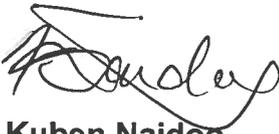
2.1 The proposed implementation dates for the specified regulatory reforms are set out below:

Regulatory reform	Proposed implementation date
Capital requirements for equity investments in funds	1 September 2018
Capital requirements for bank exposures to central counterparties	1 September 2018
Revisions to the securitisation framework	1 March 2019
Standardised approach for measuring counterparty credit risk exposures	1 March 2019
Total loss absorbing capacity holdings	1 March 2019
Large exposures framework	1 March 2019
Interest rate risk in the banking book	1 January 2020
Interest rate risk in the banking book: Disclosure requirements	1 January 2021
Minimum capital requirements for market risk	1 January 2022
Revised standardised approach for credit risk framework	1 January 2022
Revised internal ratings based approach framework	1 January 2022
Revised credit valuation adjustment framework	1 January 2022
Revised operational risk framework	1 January 2022
Leverage ratio – revised exposure definition	1 January 2022
Output floor	1 January 2022: 50% 1 January 2023: 55% 1 January 2024: 60% 1 January 2025: 65% 1 January 2026: 70% 1 January 2027: 72.5%

- 2.2 Should any of the above-mentioned proposed implementation dates change, this Office will communicate the relevant revised proposed implementation date accordingly.
- 2.3 Where applicable, parallel runs will commence at least three months prior to the relevant proposed implementation date and as such this will also be communicated accordingly by this Office.

3. Acknowledgement of receipt

- 3.1 Kindly ensure that a copy of this guidance note is made available to your institution's independent auditors. The attached acknowledgement of receipt duly completed and signed by both the chief executive officer of the institution and the said auditors should be returned to the PA at the earliest convenience of the aforementioned signatories.



Kuben Naidoo
Deputy Governor and CEO: Prudential Authority

Date: 18 APRIL 2018

The previous guidance note issued was Guidance Note 2/2018, dated 5 March 2018.